宝宝树 babytree

寶寶樹集團
BABYTREE GROUP

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

STOCK CODE 股份代號：1761

2019
中期報告
INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors	Mr. WANG Huainan *(Chairman and Chief Executive Officer)* Mr. XU Chong
Non-executive Directors	Mr. CHEN Qiyu Mr. WANG Changying Mr. MA Jiangwei Mr. Christian Franz REITERMANN Mr. JING Jie
Independent non-executive Directors	Mr. CHEN Guanglei Ms. CHEN Danxia Mr. De-chao Michael YU Mr. ZHANG Hongjiang
Joint Company Secretaries	Ms. CHEN Hongyou Ms. WU Miu Wah
Authorized Representatives	Mr. XU Chong Ms. CHEN Hongyou
Audit Committee	Ms. CHEN Guanglei *(Chairman)* Mr. ZHANG Hongjiang Mr. De-chao Michael YU
Remuneration Committee	Ms. CHEN Danxia *(Chairwoman)* Mr. De-chao Michael YU Mr. CHEN Guanglei Mr. WANG Huainan Mr. XU Chong
Nomination Committee	Mr. WANG Huainan *(Chairman)* Mr. De-chao Michael YU Mr. ZHANG Hongjiang
Compliance Adviser	**Haitong International Capital Limited** 8/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

Corporate Information

Hong Kong Legal Adviser	**Miao & Co. (In Association with Han Kun Law Offices)** Rooms 3901-05, 39/F Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong
Registered Office	**The Offices of Maples Corporate Services Limited** P.O. Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Corporate Headquarters	6th Floor, Building A, Borui Plaza No. 26 North Road of East Third Ring Chaoyang District Beijing PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Share Registrar in Cayman Islands	**Maples Fund Services (Cayman) Limited** PO Box 1093, Boundary Hall Cricket Square, Grand Cayman KY1-1102, Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Bank	**China Merchants Bank, Beijing Guanghua Road Branch** F2 Kerry Shopping Mall No. 1 Guanghua Road Beijing PRC
Company's Website	*ir.babytree.com*

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of BabyTree Group, I am pleased to present the interim report of the Company and its subsidiaries for the six months ended June 30, 2019.

KEY OPERATION DATA

	For the six months ended June 30, 2019 (in millions)	For the year ended December 31, 2018 (%)	Change
Average total MAUs	**156.3**	144.1	8.5
– mobile apps	**27.6**	22.7	21.6
– PC and WAP	**128.7**	121.4	6.0

KEY FINANCIAL DATA

	Six months ended June 30,		
	2019 RMB '000	2018 RMB '000	Year on year change (%)
Revenue	**240,659**	407,523	(40.9)
– Advertising	**211,536**	298,145	(29.0)
– E-commerce	**19,505**	90,567	(78.5)
– Direct sales	**8,261**	47,519	(82.6)
– Marketplace	**11,244**	43,048	(73.9)
– Content monetization	**9,618**	18,811	(48.9)
Cost of revenue	**(66,199)**	(94,578)	(30.0)
Gross profit	**174,460**	312,945	(44.3)
Gross margin	**72.5%**	76.8%	(5.6)
Adjusted (loss)/profit for the period[1]	**(98,342)**	122,295	N/A

Note:

(1) We define "adjusted (loss)/profit for the period" as loss for the period, removing the effect of fair value change of financial liabilities at fair value through profit or loss, which is non-recurring in nature. Adjusted (loss)/profit for the period is not a measure required by or presented in accordance with IFRS. For the six months ended June 30, 2018, the fair value change of financial liabilities at fair value through profit or loss was RMB2,297.3 million. We did not record any fair value change of financial liabilities at fair value through profit or loss in the six months ended June 30, 2019.

Chairman's Statement

We incurred a loss of RMB98.3 million in the first half of 2019 while we recorded adjusted profit of RMB122.3 million in the first half of 2018, primarily due to a decrease in our total revenue and an increase in our expenses incurred.

The decrease in our total revenue is attributable to a slow-down in our advertising, e-commerce and content monetization businesses as a result of (i) reduced budgets from major advertising clients in the face of the decline in the macro-economic environment in China and the geopolitical uncertainty, (ii) the e-commerce system development was more technically complicated than expected and more time is required for our users to get accustomed to the change in system and (iii) the strategic transformation of our content monetization business from a content and channel provider into an integrated content platform offering high quality M&C and female related knowledge contents.

Meanwhile, we incurred more selling and marketing expenses in the first half of 2019 compared to the same period in 2018 as we incurred more expenses in brand promotions and traffic direction to increase our market share more efficiently. Our general and administration expenses also increased in the first half of 2019 compared to the same period in 2018 since (i) we increased the headcount of our new business department for business diversification, (ii) there was an increase in provisions for credit loss arising from delayed payments from clients and (iii) we incurred more consulting fees for our strategic acquisition projects. Besides, our research and development expenses increased in the first half of 2019 compared to the same period in 2018 primarily due to the increased headcount of our technical and product personnel for continuing product upgradation and innovation.

It is expected that we will record a further loss for year ending December 31, 2019. The expected loss is primarily because (i) budgets of our major advertising clients remained tightened as a result of the continued decline of the macro-economic environment in China, (ii) more time and efforts were required to build our user base for e-commerce business after the integration of our e-commerce system and (iii) we further increased marketing expenses to gain market share.

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK

In the first half of 2019, we continued to chart out a four-prong strategy which is comprised of (1) product leadership through significant spending on research and development to pursue relentless and fast-paced optimization as well as continual innovation, (2) revenue diversification, (3) industry consolidation for further broadening our user reach and enhancing our revenue generating capability and (4) globalization that allows us to penetrate into key international growing markets.

Our continuous efforts in implementing our four-prong strategy, are set out below:

1. Product Leadership Through Optimization and Innovation

Benefiting from our endeavors to optimize products, enhance user experience and reach more users, our average total MAU has increased from 144.1 million for the year ended December 31, 2018 to 156.3 million for the six months ended June 30, 2019. Our average total MAUs on WAP increased from 65.9 million for the year ended December 31, 2018 to 79.2 million for the six months ended June 30, 2019. Notably, Babytree Parenting's average MAUs reached 20.1 million in the first half of 2019, representing a growth of 9.2% from 18.4 million in 2018. Meanwhile, average MAUs for WeTime reached 7.5 million in the first half of 2019, representing an increase of 74.4% from 4.3 million in 2018. In addition, in the first half of 2019, the average one-month retention rate of Babytree Parenting and WeTime was 62% and 68%, respectively. The average user time spent on Babytree Parenting and WeTime per day[1] in the first half of 2019 was 22.92 minutes and 25.27 minutes, respectively.

Product Optimization

We continually update the core functions of our primary product platforms on our mobile apps in order to further optimize user experience. We have made several advancements in this regard which were much welcomed and applauded, and we have received positive feedbacks from users. For example, we added "group chat" and "topic ranking" features on Babytree Parenting, as well as organized various activities to cultivate a more interactive community. In particular, the topic of "Parent-child Seven-day Reading Challenge" stimulated an average of 11.1 posts per person within two weeks after its initial launch. Meanwhile, the activity of "Power of Mother" attracted approximately 147,000 participants from a selected group of target users. Furthermore, we optimized the recording function for family users on WeTime. For example, we upgraded the algorithm to speed up the uploading of photos and achieve intelligent classification.

Note:

(1) Arithmetic average of the monthly average user time spent per day for the months in the relevant period. For each month, the average user time spent per day is the arithmetic average of the daily user time spent per day for the days in the month. For each day, the average user time spent is the quotient of total user time spent over the number of users for that day. Thus the data presented herein may have been subject to multiple occasions of rounding.

Product Innovation

In the first half of 2019, we made further progress in technological innovation and completed important strategic deployment to supplement and optimize our product offerings. For example, our AI department has successfully developed and launched (i) *Parenting Doctor (孕育博士)*, an interactive voice response product which is able to answer questions from preparing for pregnancy to preventing diseases for babies and (ii) *Baby Cry Translator (寶寶哭聲翻譯)*, an intelligent crying translation product which is able to recognize babies' needs based on certain characteristics of their crying to direct new parents to comfort the baby.

We also explore opportunities to implement our multi-platform strategy. For example, we have separated the key functions of Babytree Parenting and WeTime and launched their own versions of mini-program on WeChat. We also launched mini-program version of Babytree Parenting on Baidu and Toutiao (今日頭條). The total MAU of these four mini-programs reached approximately 370,600 in June 2019 and further soared to 2.67 million in July 2019. We believe the emphasis on mini-programs enables us to utilize the huge user traffic of other platforms and further facilitates our user acquisition progress, which in turn will broaden our user base with even more diverse needs and tastes, efficiently encourage our continuous development and expansion.

These innovative products supplement our existing product offerings and further enhance user experience. In addition, our technical engineers are also working on image recognition, anti-spam and other data-driven intelligent products designed for better user experience. Furthermore, we expect to launch a brand-new upgraded version of Babytree Parenting in the third quarter of 2019.

2. Revenue Diversification

Advertising

During the first half of 2019, we have actively diversified our advertising methods, for instance, our "Research Program" provides advertising services in the form of title sponsorship and placement marketing, and our "Wish List Column" offers precision marketing services for our clients. Further to client retention, we also proactively explore new advertising brands. In the first half of 2019, we had 91 new advertising brands, representing a growth of 68.5% from the same period in 2018. Going forward, we expect to introduce more offline activities to further enrich our advertising methods.

E-commerce

In the third quarter of 2018, we formed a joint team with Alibaba, our shareholder and strategic partner, to integrate our two systems under which we manage our users and Alibaba provides e-commerce operational services. In April 2019, the integration had been substantially completed, and it is currently undergoing the process of further refinement and perfection. During the "618 shopping promotion" period ("618年中促銷活動"), our total sales had restored to the same level compared with the same period last year.

We have also strengthened our e-commerce business with Alibaba's Tmall.com platform. For example, we opened Babytree's flagship store on Tmall in October 2018. For the six months ended June 30, 2019, there had been an upward trend of our user traffic on Tmall. In particular, our "Babytree Custom-made Wiping Tissues" ("寶寶樹專定紙巾") were sold out within a second during the Tmall live streaming on June 16, 2019.

We are dedicated to improving and enhancing our e-commerce user experience through further cooperation and collaboration with Alibaba in the future, such as launching the rebate function on our e-commerce platform, to join hands in creating a M&C expert alliance and knowledge library, and jointly organizing special activities for "Double 11" ("雙十一").

3. Industry Consolidation

We work closely with BaMaYing and Momself. Particularly, our high-user-traffic platform WeTime has successfully landed a cooperation with BaMaYing. Through featuring BaMaYing as a massive batch entry on the platform, we expect WeTime's strength would be preserved and the number of active users will grow progressively in the future. We invested in Littlelights Holding Limited, a company providing English learning services through the mobile app "Gkid", and we plan to explore the online English education market for children aged zero to six through our collaboration with Littlelights Holding Limited. We are also actively and strategically looking for other promising platforms or brands whose products, contents and services can supplement our own for potential cooperation, with a view to identifying valuable allies and further consolidating resources in the industry to support our constant expansion.

4. Globalization

We aspire to be a company with worldwide presence. We aim to create a global parenting ecosystem through our persistent efforts in deepening the strategy of globalization. Strategic investments as well as mergers and acquisitions form an essential part of our global strategy. We have made the following investments in the United States: (i) we invested in Parent Lab Inc., a company focusing on scientific parenting which provides parents with systematic and viable solutions to parenting issues and (ii) we invested in Zoetic, Inc., a company manufacturing robot pets which could develop their own emotions and personalities, and be a good companion during a child's growth. We believe these investments are complementary to our own offerings and beneficial to our global business expansion.

In the light of the aforesaid investments in the United States, we have made tremendous breakthroughs towards our goal of becoming a global company. We will pay close attention to the global parenting markets to identify potential acquisition targets.

CONCLUSION

Every challenge, every adversity, contains within it the seeds of opportunity. We have developed a set of core competencies which will continue to fuel the growth of our business.

1. Trusted Brand

We deeply understand the needs of our users and have established a trusted and reputed brand. We believe that brand name is a key consideration for consumers when making family-related consumption decisions. After 12 years of brand building, "Babytree" has become a household name and one of the most trusted brands in the M&C industry in China.

2. Continual Growth in Users

We are one of the largest M&C-focused online community platforms in China by MAU. Our average total MAU reached 156.3 million for first half of 2019. In addition, in the first half of 2019, our average total MAUs on mobile devices (including both WAP and Mobile apps), average MAUs for Babytree Parenting and average MAUs for WeTime recorded a growth of 20.5%, 9.2% and 74.4% from 2018, respectively.

3. Sufficient Cash Reserve

Our cash and other liquid financial resources amounted to RMB2,603.0 million as of June 30, 2019. Sufficient cash reserve and liquid financial resources has posed us in a good position for further growth and development.

4. Experienced Management Team and Strategic Partners

We have proved our ability in triumphing over challenges of different nature over the years. The above-mentioned strategies have reflected the extensive business experience of our management team in facing external market challenges and strong and responsive support from all levels and segments of our Group.

We have a great set of strategic partners. The current and future cooperation with Fosun, Alibaba, TAL, Stardoctor, BaMaYing and Momself illustrates our strong connection and stable relationship with our significant shareholders as well as our counterparts in the M&C industry.

With our core competencies and continual pursuits for products optimization and innovation, revenue diversification, industry consolidation and global expansion, we believe we had created value that is irreplaceable to our users, business partners in the first half of 2019, and we will continue to pursue our mission with firm confidence and tireless efforts.

Chairman's Statement

APPRECIATION

On behalf of everyone at BabyTree Group, I would like to express our sincere gratitude to all of our users. I would also like to thank all our employees and management team for demonstrating BabyTree's core values in every day's work, and executing the Group's strategy with professionalism, integrity and dedication. I am also thankful for the continued support and trust from our Shareholders and stakeholders. We will strive to provide consolidated high-quality servcies and products to better serve various needs of young families.

WANG Huainan
Chairman
Hong Kong

August 27, 2019

RESULTS PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Revenue	**240,659**	407,523
Cost of revenue	**(66,199)**	(94,578)
Gross Profit	**174,460**	312,945
Other revenue	**10,286**	8,292
Other net loss	**(1,511)**	(5,455)
Selling and marketing expenses	**(101,535)**	(84,015)
General and administration expenses	**(138,376)**	(66,038)
Research and development expenses	**(63,186)**	(53,018)
(Loss)/profit from operations	**(119,862)**	112,711
Net finance income	**13,639**	2,444
Fair value change of financial liabilities at fair value through profit or loss	**–**	(2,297,296)
Share of loss of associates	**(4,836)**	(762)
Loss before income tax	**(111,059)**	(2,182,903)
Income tax credit	**12,717**	7,902
Loss for the period	**(98,342)**	(2,175,001)
Attributable to:		
Equity shareholders of the Company	**(97,995)**	(2,175,001)
Non-controlling interests	**(347)**	–

Management Discussion and Analysis

Revenue

Our total revenue decreased by 40.9% to RMB240.7 million for the six months ended June 30, 2019, compared to RMB407.5 million for the six months ended June 30, 2018, primarily due to a decrease in revenue from advertising, e-commerce and content monetization as a result of (i) reduced budgets from major advertising clients due to the decline in the macro-economic environment in China and the geopolitical uncertainty, (ii) the more technically complicated than expected e-commerce system development, and (iii) the strategic transformation of our content monetization business. The following table sets forth our revenue by segment for the periods indicated:

	Six months ended June 30,			
	2019		2018	
	Amount RMB'000	**% of total revenues**	Amount RMB'000	% of total revenues
Advertising	**211,536**	**87.9%**	298,145	73.2%
E-commerce	**19,505**	**8.1%**	90,567	22.2%
– Direct sales	**8,261**	**3.4%**	47,519	11.7%
– Marketplace	**11,244**	**4.7%**	43,048	10.6%
Content Monetization	**9,618**	**4.0%**	18,811	4.6%
Total	**240,659**	**100%**	407,523	100%

Advertising

Revenue from advertising business decreased by 29.0% to RMB211.5 million for the six months ended June 30, 2019, compared to RMB298.1 million for the six months ended June 30, 2018, primarily due to a decrease in our advertising placement with major clients compared to the first half of 2018 as such major clients reduced their budgets in the face of the decline in the macro-economic environment in China and the geopolitical uncertainty. The Company recorded a decrease in revenue from 25% of the total number of the Company's advertising clients in the first half of 2019 compared with the first half of 2018. Further, amongst the Company's top ten advertising clients in the first half of 2019, the Company recorded a decrease in revenue from eight of them in the first half of 2019 compared with the first half of 2018. As the Company's top ten advertising clients accounted for a substantial portion of the Company's total advertising revenue, a decrease in revenue from a majority of them resulted in a decrease in the Company's revenue from advertising business.

E-commerce

Revenue from e-commerce business decreased by 78.5% to RMB19.5 million for the six months ended June 30, 2019, compared to RMB90.6 million for the six months ended June 30, 2018, primarily because our e-commerce system development processed at a slower pace than expected since such system development was more technically complicated than we expected, and it is currently under further refinement and perfection. Alibaba has a sophisticated and well-developed e-commerce platform and the Company also has its own e-commerce platform. In order to expedite the collaboration with Alibaba to leverage its expertise and strengths in the e-commerce industry, version 1.0 of the integrated e-commerce system, which was relatively easy to develop, was launched in November 2018. After version 1.0 was launched, the Company realized that there was room for improvement. For instance, the integrated system did not offer the function of personalized recommendation. Such improvement can leverage user profiling by the Company and Alibaba and provide personalized and smooth online shopping experience to customers. As a result, efforts were made to further integrate and upgrade the e-commerce system. Version 2.0 of the e-commerce system with more functions was available for test running in April 2019 and was launched in June 2019. Given that the new version of the e-commerce system was recently launched, it is still undergoing further refinement and improvement to ensure smooth and stable operation. The Company is currently putting efforts on user education and developing new functions so as to further enhance user experience.

The Company expects an improvement in revenue from e-commerce business in the coming two to three quarters with the launch of new functions in the integrated e-commerce system and the growing acceptance of the new system by users.

Content Monetization

Revenue from content monetization business decreased by 48.9% to RMB9.6 million for the six months ended June 30, 2019, compared to RMB18.8 million for the six months ended June 30, 2018 primarily because our content monetization business was in the process of strategic transformation. The Company decided to embark on its collaboration with Stardoctor in the first half of 2019 in a way that Stardoctor started to provide health- or medical-related content while the Company has been gradually transforming from a self-operated model (being a provider of both content and channel) into an integrated content platform offering high quality M&C and female related knowledge contents. The Company had been focusing on such strategic transformation of its content monetization business during the first half of 2019 and less resources were deployed for business development such as product upgrade and internal operations, resulting in an unforeseen decrease in revenue from content monetization business, in particular the healthcare segment. It is expected that Stardoctor will be gradually operating the Expert Q&A service in the second half of 2019. Leveraging on our high user traffic and big data analytics, we aim to build an accurate recommendation system based on user profiling and offer one-stop solution for users through our content platform.

Cost of Revenue

Our cost of revenue decreased by 30.0% to RMB66.2 million for the six months ended June 30, 2019, compared to RMB94.6 million for the six months ended June 30, 2018, primarily due to a decrease in cost of inventories as we scaled down our e-commerce direct sales during the transitional period of the shift in our e-commerce strategy.

The following table sets forth our cost of revenue by segment for the periods indicated:

	Six months ended June 30,			
	2019		2018	
	Amount RMB'000	**% of total cost of revenue**	Amount RMB'000	% of total cost of revenue
Advertising	**52,973**	**80.0%**	49,462	52.3%
E-commerce	**11,558**	**17.5%**	43,313	45.8%
Content Monetization	**1,668**	**2.5%**	1,803	1.9%
Total	**66,199**	**100%**	94,578	100%

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 44.3% to RMB174.5 million for the six months ended June 30, 2019, compared to RMB312.9 million for the six months ended June 30, 2018. Our gross profit margin remained relatively stable at 72.5% and 76.8% for the six months ended June 30, 2019 and 2018, respectively. The following table sets forth our gross profit and gross profit margin by segment for the periods indicated:

	Six months ended June 30,			
	2019		2018	
	Gross profit RMB'000	**Gross margin**	Gross profit RMB'000	Gross margin
Advertising	**158,563**	**75.0%**	248,683	83.4%
E-commerce	**7,947**	**40.7%**	47,254	52.2%
Content Monetization	**7,950**	**82.7%**	17,008	90.4%
Total	**174,460**	**72.5%**	312,945	76.8%

Other Revenue

Our other revenue increased by 24.0% to RMB10.3 million for the six months ended June 30, 2019, compared to RMB8.3 million for the six months ended June 30, 2018, primarily due to (i) an increase in investment income and (ii) an increase in government grants.

Other Net Loss

Our other net loss primarily consists of (i) net foreign exchange loss and (ii) net loss on disposal of property, plant and equipment. Our other net loss decreased by 72.3% to RMB1.5 million for the six months ended June 30, 2019, compared to RMB5.5 million for the six months ended June 30, 2018, primarily due to a decrease in net foreign exchange loss as a result of the relatively stable exchange rate in the first half of 2019.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 20.9% to RMB101.5 million for the six months ended June 30, 2019, compared to RMB84.0 million for the six months ended June 30, 2018 as we incurred more expenses on mobile apps, various cell phone brands and online TV streaming platforms in the first half of 2019 for brand promotions and traffic direction in order to increase our market share more efficiently. Selling and marketing expenses as a percentage of revenue increased to 42.2% for the six months ended June 30, 2019 from 20.6% for the six months ended June 30, 2018.

General and Administration Expenses

Our general and administration expenses increased by 109.5% to RMB138.4 million for the six months ended June 30, 2019, compared to RMB66.0 million for the six months ended June 30, 2018, due to (i) an increase of approximately RMB18 million resulting from an increase in the headcount of our new business department for business diversification, (ii) an increase of approximately RMB14 million in provisions for credit loss as a result of delayed payments from certain clients, (iii) an increase of approximately RMB26 million in consulting fees for our strategic acquisition projects and annual retainer services and (iv) an increase of approximately RMB14.4 million in other general expenses such as utilities and office expenses, and depreciation and amortization. General and administration expenses as a percentage of revenue increased to 57.5% for the six months ended June 30, 2019 from 16.2% for the six months ended June 30, 2018.

Research and Development Expenses

Our research and development expenses increased by 19.2% to RMB63.2 million for the six months ended June 30, 2019, compared to RMB53.0 million for the six months ended June 30, 2018, primarily due to an increase in the headcount of our technical and product personnel for continuing product upgradation and innovation. Research and development expenses as a percentage of revenue increased to 26.3% for the six months ended June 30, 2019 from 13.0% for the six months ended June 30, 2018.

(Loss)/Profit from Operations

As a result of the foregoing, we recorded profit from operations of RMB112.7 million for the six months ended June 30, 2018 while we incurred loss from operations of RMB119.9 million for the six months ended June 30, 2019.

Net Finance Income

Our finance income primarily comprises interest income from deposits. Our net finance income increased to RMB13.6 million for the six months ended June 30, 2019, compared to RMB2.4 million for the six months ended June 30, 2018. Such increase was primarily due to an increase in the interest income from bank deposits.

Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

We recorded nil fair value change of financial liabilities at fair value through profit or loss for the six months ended June 30, 2019 compared to a fair value loss of RMB2,297.3 million for the six months ended June 30, 2018, because the fair value loss of financial instruments with preferred rights is a non-cash and extraordinary item that would not recur in financial years after the listing of our Shares on the Main Board of the Stock Exchange, as all the preferred rights attaching to the financial instruments were terminated upon the listing of our shares on the Stock Exchange.

Share of Loss of Associates

Our share of loss of associates increased to RMB4.8 million for the six months ended June 30, 2019, compared to RMB0.8 million for the six months ended June 30, 2018.

Management Discussion and Analysis

Income Tax Credit

Our income tax credit increased by 60.9% to RMB12.7 million for the six months ended June 30, 2019, compared to RMB7.9 million for the six months ended June 30, 2018, primarily due to the recognition of deferred tax asset in respect of temporary differences and tax losses to be reversed in future years. We estimate there will be sufficient taxable income in the foreseeable future to utilize the carry-forward tax losses and deductible temporary differences.

Loss Attributable to Equity Shareholders of the Company

As a result of the foregoing, loss attributable to equity shareholders of the Company decreased to RMB98.0 million for the six months ended June 30, 2019, compared to RMB2,175.0 million for the six months ended June 30, 2018.

Capital Structure

Our total assets decreased from RMB3,660.9 million as of December 31, 2018 to RMB3,442.4 million as of June 30, 2019. Our total liabilities decreased from RMB205.3 million as of December 31, 2018 to RMB144.7 million as of June 30, 2019. Liabilities-to-assets ratio changed from 5.6% as of December 31, 2018 to 4.2% as of June 30, 2019.

The current ratio (being the ratio of total current assets to the total current liabilities) was 26.25 as of June 30, 2019, compared to 17.18 as of December 31, 2018.

Liquidity, Financial Resources and Gearing

Our cash and other liquid financial resources (comprising (i) cash and cash equivalents including cash on hand and bank deposits and (ii) short-term wealth management products we bought), decreased from RMB3,039.3 million as of December 31, 2018 to RMB2,603.0 million as of June 30, 2019, primarily due to a decrease in cash and cash equivalents as a result of the decrease in cash generated from our business operations.

As of June 30, 2019, we did not have any outstanding borrowings. Accordingly, no gearing ratio is presented as it is calculated as total borrowings divided by total equity.

Capital Expenditure

Our capital expenditures, consisting of payments for the purchase of property, plant and equipment, were incurred mainly for servers, computers and office equipment. Our capital expenditures were RMB7.1 million as of June 30, 2019, compared to RMB20.7 million as of December 31, 2018.

Foreign exchange risk management

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is USD and the functional currency of subsidiaires operated in the PRC is Reminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange and tries to minimise these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

Contingent Liabilities

As of June 30, 2019, we did not have any material contingent liabilities.

Material Acquisitions and Future Plans for Material Investments

Save as disclosed in the announcement of the Company dated July 15, 2019, during the six months ended June 30, 2019, we did not conduct any material acquisitions and disposals of subsidiaries, associates and joint ventures.

We will continue to explore potential strategic investment opportunities, with a view to consolidating resources in the industry and supplementing our existing business.

Pledge of Assets

As of June 30, 2019, we had not pledged any of our assets.

Significant Events After the Reporting Period

Except as disclosed in note 17 to the interim financial statements, there are no material events subsequent to June 30, 2019 which could have a material impact on our operating and financial performance as of the date of this report.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2019 (for the six months ended June 30, 2018: Nil).

Company Information

The Company was incorporated in the Cayman Islands on February 9, 2018 as an exempted company with limited liability, and the Shares were listed on the Main Board of the Stock Exchange on November 27, 2018.

Employees

As of June 30, 2019, we had 845 full-time employees, substantially all of whom were based in China, primarily in Beijing and Shanghai, with the rest based in Ningbo, Wuhan, Xiamen and Hangzhou.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

Management Discussion and Analysis

ROUNDING

Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2019, the Directors and the chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules:

Interest in Shares of the Company

Name of Director	Nature of interest/ Capacity	Number of ordinary Shares	Approximate percentage of the issued share capital(4)
Mr. WANG Huainan(1)	Interest in controlled corporations	370,096,250(3)	21.92%
	Interest under voting agreements	80,341,804(3)	4.76%
Mr. WANG Changying(2)	Interest in controlled corporations	550,943(3)	0.03%
Mr. XU Chong	Beneficial owner	416,000(3)	0.02%

Notes:

(1) As at June 30, 2019, 370,096,250 Shares are held by Wang Family Limited Partnership, which is owned by Golden Leaf Cayman Holdings Limited (general partner of Wang Family Limited Partnership) as to 0.01%, Golden Leaf Holdings Limited (sole shareholder of Golden Leaf Cayman Holdings Limited) as to 30%, and Mr. WANG Huainan in the capacity of trustee of Allen Wang Grantor Retained Annuity Trust (a limited partner of Wang Family Limited Partnership) as to 39.99%. Mr. WANG Huainan is the sole shareholder of Golden Leaf Holdings Limited and founder of Allen Wang Grantor Retained Annuity Trust. Accordingly, he is deemed to be interested in the Shares held by Wang Family Limited Partnership under the SFO.

As at June 30, 2019, pursuant to the voting agreements dated September 10, 2018 entered into by each of Tenzing Holdings 2011, Ltd. and Bin Jiang (Hong Kong) Limited with Mr. WANG Huainan, respectively, Mr. WANG Huainan as an attorney has the right to vote over all the 80,341,804 Shares held by them.

(2) As at June 30, 2019, Mr. WANG Changying wholly owned Wingnou Investments Limited and therefore Mr. WANG Changying is deemed to be interested in the Shares held by Wingnou Investments Limited under the SFO.

(3) All the Shares are held in long position.

(4) As at June 30, 2019, the total number of issued Shares of the Company was 1,688,488,109 (including any Shares repurchased by the Company but not yet cancelled). As at June 30, 2019, a total of 14,742,500 Shares have been repurchased by the Company but not yet cancelled.

EQUITY INTEREST IN BEIJING ZHONGMING CENTURY SCIENCE AND TECHNOLOGY CO., LTD. ("ZHONGMING") (AN ASSOCIATION CORPORATION OF THE COMPANY)

Name of Director	Nature of interest/ Capacity	Approximate percentage of equity interest
Mr. WANG Huainan[(1)]	Beneficial owner	79.66%
	Interest in controlled corporations	0.47%
Mr. XU Chong[(2)]	Interest in controlled corporations	2.53%
Mr. WANG Changying	Beneficial owner	0.04%

Notes:

(1) As at June 30, 2019, Mr. WANG Huainan directly held approximately 79.66% equity interest in Zhongming. As he also is the general partner of Ningbo Baoshu Investment and Management LLP ("Ningbo Baoshu"), he is therefore deemed to be interested in the equity interest held by Ningbo Baoshu in Zhongming under the SFO.

(2) As at June 30, 2019, Mr. XU Chong was the general partner of Ningbo Zhishan Zhizhen Investment and Management LLP ("Ningbo Zhishan"), Ningbo Honghu Investment and Management LLP ("Ningbo Honghu") and Ningbo Yimengweima Enterprise Management Center LLP ("Ningbo Yimengweima"), which held equity interest in Zhongming as to approximately 1.76%, 0.47% and 0.30%, respectively. Mr. XU Chong is therefore deemed to be interested in such equity interest held by Ningbo Zhishan, Ningbo Honghu and Ningbo Yimengweima respectively under the SFO.

Save as disclosed above, as at June 30, 2019, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules. Save as disclosed in the section headed "Share Option Scheme" below, at no time was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2019, so far as is known to the Director or chief executives of the Company, the persons or corporations (other than Directors or chief executives of the Company) who had interest or short positions in the Shares and underlying shares of the Company or its associated corporation(s) which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary Shares	Approximate percentage of the issued share capital(7)
Ms. TANG Yu(1) (2)	Interest of spouse	450,438,054(6)	26.68%
Wang Family Limited Partnership(2)	Beneficial owner	370,096,250(6)	21.92%
Golden Leaf Holdings Limited(2)	Interest in a controlled corporation	370,096,250(6)	21.92%
Golden Leaf Cayman Holdings Limited(2)	Interest in a controlled corporation	370,096,250(6)	21.92%
Fosun International Holdings Ltd.(3)	Interest in controlled corporations	367,373,689(6)	21.76%
Fosun Holdings Limited(3)	Interest in controlled corporations	367,373,689(6)	21.76%
Mr. GUO Guangchang(3)	Interest in controlled corporations	367,373,689(6)	21.76%
Fosun International Limited(3)	Beneficial owner	354,535,689(6)	21.00%
	Interest in controlled corporations	12,838,000(6)	0.76%
Startree (BVI) Limited(3)	Beneficial owner	352,268,189(6)	20.86%
Fosun Health Holdings Limited(3)	Interest in controlled corporations	352,268,189(6)	20.86%
Taobao China Holding Limited(4)	Beneficial owner	165,212,457(6)	9.78%
Taobao Holding Limited(4)	Interest in controlled corporations	165,212,457(6)	9.78%
Alibaba Group Holding Limited(4)	Interest in controlled corporations	165,212,457(6)	9.78%
TAL Education Group(5)	Beneficial owner	144,466,006(6)	8.56%
Bright Unison Limited(5)	Interest in controlled corporations	144,466,006(6)	8.56%
Mr. ZHANG Bangxin(5)	Interest in controlled corporations	144,466,006(6)	8.56%

Notes:

(1) Ms. TANG Yu is the spouse of Mr. WANG Huainan. By virtue of the SFO, Ms. TANG Yu is deemed to be interested in the Shares of the Company in which Mr. WANG Huainan is deemed to be interested.

(2) Wang Family Limited Partnership was set up by Mr. WANG Huainan and his wife (Ms. TANG Yu). As at June 30, 2019, Wang Family Limited Partnership is owned by Golden Leaf Cayman Holdings Limited (general partner of Wang Family Limited Partnership) as to 0.01%, Golden Leaf Holdings Limited (sole shareholder of Golden Leaf Cayman Holdings Limited) as to 30%, and Mr. WANG Huainan in the capacity of trustee of Allen Wang Grantor Retained Annuity Trust (a limited partner of Wang Family Limited Partnership) as to 39.99%. Mr. WANG Huainan is the sole shareholder of Golden Leaf Holdings Limited and founder of Allen Wang Grantor Retained Annuity Trust. Accordingly, each of Mr. WANG Huainan, Golden Leaf Holdings Limited and Golden Leaf Cayman Holdings Limited is deemed to be interested in the Shares held by Wang Family Limited Partnership under the SFO.

(3) As at June 30, 2019, Startree (BVI) Limited beneficially owns 352,268,189 Shares. Startree (BVI) Limited is wholly owned by Fosun Health Holdings Limited, a wholly-owned subsidiary of Fosun International Limited. Accordingly, Fosun Health Holdings Limited and Fosun International Limited are deemed to be interested in the Shares held by Startree (BVI) Limited. As at June 30, 2019, Fosun International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0656), beneficially owns 12,838,000 Shares and is also deemed to be interested in 2,267,500 Shares held by its subsidiary, Fidelidade – Companhia de Seguros, S.A. The controlling shareholder of Fosun International Limited is Fosun Holdings Limited, which is a wholly-owned subsidiary of Fosun International Holdings Ltd. Mr. GUO Guangchang (郭廣昌) is the controlling shareholder of Fosun International Holdings Ltd. Accordingly, Mr. GUO Guangchang, Fosun International Holdings Ltd. and Fosun Holdings Limited are deemed to be interested in a total of 367,373,689 Shares, in which Fosun International Limited is interested or deemed to be interested.

(4) As at June 30, 2019, each of Taobao Holding Limited (the sole shareholder of Taobao China Holding Limited) and Alibaba Group Holding Limited (a company listed on the New York Stock Exchange, ticker symbol: BABA, the sole shareholder of Taobao Holding Limited) is deemed to be interested in the Shares held by Taobao China Holding Limited under the SFO.

(5) TAL Education Group is a company listed on the New York Stock Exchange (ticker symbol: TAL). As at June 30, 2019, each of Bright Unison Limited (largest shareholder of TAL Education Group as to 31.0% with in aggregate voting power as to 71.20% as at June 30, 2019) and Mr. ZHANG Bangxin (張邦鑫) (sole shareholder of Bright Unison Limited) is deemed to be interested in the Shares held by TAL Education Group under the SFO.

(6) All the Shares are held in long position.

(7) As at June 30, 2019, the total number of issued Shares of the Company was 1,688,488,109 (including any Shares repurchased by the Company but not yet cancelled). As at June 30, 2019, a total of 14,742,500 Shares have been repurchased by the Company but not yet cancelled.

Save as disclosed above, as at June 30, 2019, the Directors have not been notified by any person (not being the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted at the annual general meeting of the Company held on June 13, 2019. The purpose of the share option scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The share option scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

As of June 30, 2019, no option had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the share option scheme. As a result, the total number of Shares available for grant under the share option scheme was 50,654,643, representing 3% of the total Shares in issue of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules.

The Board is of the view that during the six months ended June 30, 2019, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provisions A.2.1 and E.1.2 as explained below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. WANG Huainan. In view of Mr. Wang's experience, personal profile and his roles in our Company and the fact that Mr. Wang has assumed the role of Chief Executive Officer of our Company since our commencement of business, the Board considers it beneficial to the business prospect and operational efficiency of our Company that Mr. Wang acts as the chairman of the Board and continues to act as the Chief Executive Officer of our Company after the Listing of the Company. While this will constitute a deviation from code provision A.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Mr. Wang and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels.

The Chairman provides leadership to the Board by ensuring the Board works effectively and discharges its responsibilities in time. The Chairman himself, or a Director or company secretary delegated by him, is responsible for drawing up and approving the agenda for each Board meeting. The Chairman ensures that good corporate governance practices and procedures are established. The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The Chairman ensures that all Directors receive adequate information to fulfill their duties, which must be complete and reliable in a timely manner. The Chairman ensures effective communication with Shareholders and that views of Shareholders are communicated to the Board as a whole. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensures constructive relations between executive and non-executive Directors.

The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of Chairman of the Board and Chief Executive Officer is necessary.

In addition, code provision E.1.2 of the CG Code stipulates that the Chairman of the board of directors should attend the annual general meeting. Mr. WANG Huainan, the Chairman of the Board of the Company, was unable to attend the annual general meeting of the Company held on June 13, 2019 due to a business trip. Mr. XU Chong, an executive Director, a member of the Remuneration Committee and the chief financial officer, acted as the Chairman of the annual general meeting of the Company held on June 13, 2019. Mr. WANG Huainan will use his best endeavours to spare time to attend all future shareholders' meetings of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code for the six months ended June 30, 2019.

The Board has also adopted written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted for the six months ended June 30, 2019.

DIRECTOR NOMINATION POLICY

The Board adopted a Director Nomination Policy which is applicable for the financial year commencing from January 1, 2019 and sets out the criteria and process in the nomination and appointment of directors of the Company. The policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company as well as the Board continuity and appropriate leadership at Board level.

Criteria for nomination and appointment of directors

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.

- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.

- Any measurable objectives adopted for achieving diversity on the Board.

- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and this policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

BOARD OF DIRECTORS

For the six months ended June 30, 2019, the Board's composition had undergone the following changes:

(1) Mr. SHAO Yibo tendered his resignation as a non-executive Director, effective from March 7, 2019, to pursue other commitments and, as a result of such resignation, ceased to be a member of the Audit Committee.

(2) Mr. LUO Rong tendered his resignation as a non-executive Director, effective from March 7, 2019, to pursue other commitments.

(3) Mr. MA Jiangwei was appointed by the Board as an non-executive Director effective from March 7, 2019.

(4) Mr. De-chao Michael YU was appointed as a member of the Audit Committee effective from March 7, 2019.

Other Information

As at June 30, 2019, the Board was comprised of two executive Directors, five non-executive Directors and four independent non-executive Directors. The executive Directors were Mr. WANG Huainan (Chairman and Chief Executive Officer) and Mr. XU Chong; the non-executive Directors were Mr. CHEN Qiyu, Mr. WANG Changying, Mr. MA Jiangwei, Mr. Christian Franz REITERMANN and Mr. JING Jie; and the independent non-executive Directors were Mr. CHEN Guanglei, Ms. CHEN Danxia, Mr. De-chao Michael YU and Mr. ZHANG Hongjiang.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 3.10A of the Listing Rules, independent non-executive Directors shall represent at least one-third of the board. During the period from January 1, 2019 to June 30, 2019, the Board of the Company comprises eleven members, four of whom are independent non-executive Directors. Therefore, Rule 3.10A has been duly complied with by the Company during the said period.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51(B) (1) OF THE LISTING RULES

The changes in the information of the Directors since the Company's 2018 annual report are set out below:

(1) Mr. WANG Changying has been the chairman and legal representative of Baihejiayuan Network Group Co., Ltd. (百合佳緣網絡集團股份有限公司) (a company listed on The National Equities Exchange And Quotations, stock code: 834214) since April 30, 2019. Since February 2019, he has been a director of Hangzhou Qinbei Technology Co., Ltd. (杭州親貝科技有限公司). Mr. WANG ceased to be a director of Shenzhen Megmeet Electrical Co., Ltd. (深圳麥格米特電氣股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002851) with effect from May 8, 2019.

(2) Mr. MA Jiangwei has been the head of the United States project team of TAL Education Group (a company listed on the New York Stock Exchange, ticker symbol: TAL) since May 2019.

(3) Mr. De-chao Michael YU has been a part-time researcher of the Shanghai Institute of Materia Medica of the Chinese Academy of Sciences (中國科學院上海藥物研究所) since 2019.

Save as disclosed above and in the section headed "Board of Directors" above, there are no other changes in the Directors' information required to be disclosed pursuant to Rules 13.51(2) and 13.51(B) (1) of the Listing Rules.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

A general mandate to repurchase the Shares up to 10% of the total number of Shares then in issue was granted to the Board pursuant to the written resolutions passed by all Shareholders of the Company on November 1, 2018, and renewed at the annual general meeting of the Company held on June 13, 2019. Pursuant to such mandate, during the six months ended June 30, 2019, the Company bought back an aggregate of 14,742,500 Shares on the Stock Exchange at an aggregate consideration of HK$71,794,155. The buy-back of Shares was effected by the Directors for the benefit of the Company and to create value to its Shareholders. As of June 30, 2019, all Shares that were bought back have not yet been cancelled.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended June 30, 2019.

USE OF NET PROCEEDS FROM LISTING

Our Shares were listed on the Stock Exchange on November 27, 2018 and the net proceeds raised during our initial public offering were approximately HKD1,769.7 million.

The following table sets forth the status of the use of net proceeds from the initial public offering[1]:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (In HKD millions)	Percentage of used amount as of June 30, 2019 (%)	Percentage of unused balance as of June 30, 2019 (%)	Timeframe for the unused balance
Business expansion, such as acquiring users and improving user engagement, generating and acquiring more quality content, recruiting and retaining competent personnel to support our expansion and brand marketing activities, and further enhancing our brand awareness through marketing activities	30.0	530.9	3.6	26.4	In the next 5 to 17 months
Research and development, such as recruiting and retaining technical talent, maintaining and strengthening our IT infrastructure and further developing our technology stack	30.0	530.9	3.4	26.6	In the next 5 to 29 months
Further investments, acquisitions and strategic Alliances, such as investing in companies with advanced technology and service solutions or with complimentary business lines, or have adequate capabilities to generate synergy with our current business, and establishing partnerships with quality local partners in overseas countries	30.0	530.9	2.9	27.1	In the next 5 to 17 months
Working capital and other general corporate purposes	10.0	177.0	1.7	8.3	—
Total	100.0	1,769.7	11.6	88.4	—

Note:

(1) The figures in the table are approximate figures.

The remaining balance of the net proceeds was HKD1,564.3 million placed with banks. The Group will apply the remaining net proceeds in the manner set out in the Prospectus.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Mr. CHEN Guanglei (Chairman), Mr. De-chao Michael YU and Mr. ZHANG Hongjiang (with Mr. CHEN Guanglei possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls.

The members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited financial statements of the Company for the six months ended June 30, 2019.

IMPORTANT EVENTS AFTER REPORTING DATE

Save as disclosed above, no important events affecting the Company occurred after June 30, 2019 and up to the date of this interim report.

Interim Consolidated Statement of Profit or Loss

for the six months ended June 30, 2019 – unaudited

	Note	Six months ended June 30, 2019 RMB'000	Six months ended June 30, 2018 RMB'000
Revenue	3	**240,659**	407,523
Cost of revenue		**(66,199)**	(94,578)
Gross profit		**174,460**	312,945
Other revenue		**10,286**	8,292
Other net loss		**(1,511)**	(5,455)
Selling and marketing expenses		**(101,535)**	(84,015)
General and administration expenses		**(138,376)**	(66,038)
Research and development expenses		**(63,186)**	(53,018)
(Loss)/Profit from operations		**(119,862)**	112,711
Net finance income	4(a)	**13,639**	2,444
Fair value change of financial liabilities at fair value through profit or loss		**—**	(2,297,296)
Share of loss of associates		**(4,836)**	(762)
Loss before income tax	4	**(111,059)**	(2,182,903)
Income tax credit	5	**12,717**	7,902
Loss for the period		**(98,342)**	(2,175,001)
Attributable to:			
Equity shareholders of the Company		**(97,995)**	(2,175,001)
Non-controlling interests		**(347)**	—
Loss for the period		**(98,342)**	(2,175,001)
Loss per share	6		
Basic and diluted (RMB)		**(0.06)**	(1.64)

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 37 to 58 form part of this interim financial report.

Interim Consolidated Statement of Profit or Loss and other Comprehensive Income

for the six months ended June 30, 2019 – unaudited

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Loss for the period	**(98,342)**	(2,175,001)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of Company and overseas subsidiaries	**3,591**	(312,090)
Other comprehensive income for the period	**3,591**	(312,090)
Total comprehensive income for the period	**(94,751)**	(2,487,091)
Attributable to:		
Equity shareholders of the Company	**(94,404)**	(2,487,091)
Non-controlling interests	**(347)**	—
Total comprehensive income for the period	**(94,751)**	(2,487,091)

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 37 to 58 form part of this interim financial report.

Interim Consolidated Statement of Financial Position

at June 30, 2019 – unaudited

	Note	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Non-current assets			
Property, plant and equipment	2&7	**92,300**	29,627
Intangible assets		**4,287**	4,494
Prepayments for non-current assets		**929**	11,685
Interests in associates		**52,739**	14,617
Equity securities		**27,793**	25,432
Deferred tax assets		**60,891**	48,761
		238,939	134,616
Current assets			
Other current assets		**3,983**	5,956
Inventories		**11,187**	14,657
Trade receivables	8	**413,063**	369,720
Prepayments and other receivables	9	**172,262**	96,650
Short-term investment		**700,235**	809,430
Cash and cash equivalents	10	**1,902,729**	2,229,907
		3,203,459	3,526,320
Current liabilities			
Trade payables	11	**9,253**	14,475
Accruals and other payables	12	**82,144**	171,529
Contract liabilities		**2,943**	5,012
Lease liabilities	2(d)	**27,248**	—
Current taxation		**442**	14,211
		122,030	205,227
Net current assets		**3,081,429**	3,321,093
Total assets less current liabilities		**3,320,368**	3,455,709

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 37 to 58 form part of this interim financial report.

Interim Consolidated Statement of Financial Position

at June 30, 2019 – unaudited

	Note	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Non-current liabilities			
Lease liabilities	2(d)	22,586	—
Deferred tax liabilities		61	61
		22,647	61
Net assets		3,297,721	3,455,648
Equity			
Share capital	13	1,172	1,172
Reserves	13	3,292,769	3,450,349
Total equity attributable to equity shareholders of the Company		3,293,941	3,451,521
Non-controlling interests		3,780	4,127
TOTAL EQUITY		3,297,721	3,455,648

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 37 to 58 form part of this interim financial report.

Interim Consolidated Statement of Changes in Equity

for the six months ended June 30, 2019 – unaudited

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	Accumulated loss RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2018	—	—	(2,247,797)	131	(2,147,954)	(4,395,620)	—	(4,395,620)
Changes in equity for the six months ended June 30, 2018:								
Loss for the period	—	—	—	—	(2,175,001)	(2,175,001)	—	(2,175,001)
Other comprehensive income	—	—	—	(312,090)	—	(312,090)	—	(312,090)
Total comprehensive income	—	—	—	(312,090)	(2,175,001)	(2,487,091)	—	(2,487,091)
Capital injection from owners of the Company	12	—	—	—	—	12	—	12
Capital injection from owners of the Companies comprising the Group	—	—	6,493	—	—	6,493	—	6,493
Balance at June 30, 2018	12	—	(2,241,304)	(311,959)	(4,322,955)	(6,876,206)	—	(6,876,206)
Changes in equity for the six months ended December 31, 2018:								
Profit/(loss) for the period	—	—	—	—	2,701,301	2,701,301	(73)	2,701,228
Other comprehensive income	—	—	—	(340,522)	—	(340,522)	—	(340,522)
Total comprehensive income	—	—	—	(340,522)	2,701,301	2,360,779	(73)	2,360,706
Capitalization issue	244	(244)	—	—	—	—	—	—
Termination of preferred rights upon completion of IPO	729	6,395,664	—	—	—	6,396,393	—	6,396,393
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	187	1,570,368	—	—	—	1,570,555	—	1,570,555
Capital injection from non-controlling interests	—	—	—	—	—	—	4,200	4,200
Balance at December 31, 2018	1,172	7,965,788	(2,241,304)	(652,481)	(1,621,654)	3,451,521	4,127	3,455,648

The notes on pages 37 to 58 form part of this interim financial report.

Interim Consolidated Statement of Changes in Equity

for the six months ended June 30, 2019 – unaudited

	Note	Attributable to equity shareholders of the Company								
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	Accumulated loss RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2019		1,172	7,965,788	–	(2,241,304)	(652,481)	(1,621,654)	3,451,521	4,127	3,455,648
Changes in equity for the six months ended June 30, 2019:										
Loss for the period		–	–	–	–	–	(97,995)	(97,995)	(347)	(98,342)
Other comprehensive income		–	–	–	–	3,591	–	3,591	–	3,591
Total comprehensive income		–	–	–	–	3,591	(97,995)	(94,404)	(347)	(94,751)
Repurchase of ordinary shares	13(b)	–	–	(63,176)	–	–	–	(63,176)	–	(63,176)
Balance at June 30, 2019		1,172	7,965,788	(63,176)	(2,241,304)	(648,890)	(1,719,649)	3,293,941	3,780	3,297,721

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 37 to 58 form part of this interim financial report.

Interim Condensed Consolidated Statement of Cash Flow

for the six months ended June 30, 2019 – unaudited

	Note	Six months ended June 30, 2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Net cash used in operations		**(291,433)**	(36,694)
Income taxes paid		**(13,182)**	(9,600)
Net cash used in operating activities		**(304,615)**	(46,294)
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		**(7,135)**	(5,241)
Proceeds from sale of short-term investment		**992,360**	2,060,999
Purchases of short-term investment		**(881,570)**	(1,536,560)
Other cash flows arising from investing activities		**(26,873)**	(140,079)
Net cash generated from investing activities		**76,782**	379,119
Cash flows from financing activities			
Capital injection from owners of the Company		—	12
Proceeds from issue of financial instruments with preferred rights		—	3,535,584
Repayment to the holders of financial instruments with preferred rights in a subsidiary		—	(2,718,541)
Capital element of lease rentals paid		**(15,405)**	—
Interest element of lease rentals paid		**(1,086)**	—
Purchase of own shares		**(63,176)**	—
Issuance costs paid		**(22,907)**	—
Other cash flows arising from financing activities		**2,312**	29,281
Net cash (used in)/generated from financing activities		**(100,262)**	846,336
Net (decrease)/increase in cash and cash equivalents		**(328,095)**	1,179,161
Cash and cash equivalents at the beginning of the period		**2,229,907**	204,783
Effect of exchange rate fluctuations on cash held		**917**	27,388
Cash and cash equivalents at the end of the period	10	**1,902,729**	1,411,332

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2

The notes on pages 37 to 58 form part of this interim financial report.

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on August 27, 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together, the "Group") since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease,* SIC 15, *Operating leases — incentives,* and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from January 1, 2019. The Group has elected to use the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after January 1, 2019. For contracts entered into before January 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalized leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting (Continued)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value;

- right-of-use assets related to leasehold land and buildings where the group is the registered owner of the leasehold interest are carried at fair value; and

- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. January 1, 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at January 1, 2019. The incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.75%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before December 31, 2019; and

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 15 as at December 31, 2018 to the opening balance for lease liabilities recognised as at January 1, 2019:

	January 1, 2019 RMB'000
Operating lease commitments at December 31, 2018	85,538
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before December 31, 2019	10,558
– leases of low-value assets	35
Less: commitments relating to termination of lease contracts	7,501
	67,444
Less: total future interest expenses	3,433
Present value of remaining lease payments, discounted using the benchmark interest rate at January 1, 2019	64,011
Add: finance lease liabilities recognised as at December 31, 2018	—
Total lease liabilities recognised at January 1, 2019	64,011

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at December 31, 2018.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Transitional impact (Continued)

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at December 31, 2018 RMB'000	Capitalisation of operating lease contracts RMB'000	**Carrying amount at January 1, 2019 RMB'000**
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	29,627	64,011	**93,638**
Total non-current assets	134,616	64,011	**198,627**
Prepayments and other receivables	96,650	(2,954)	**93,696**
Total current assets	3,526,320	(2,954)	**3,523,366**
Accruals and other payables	171,529	(625)	**170,904**
Lease liabilities (current)	—	26,808	**26,808**
Current liabilities	205,227	26,183	**231,410**
Net current assets	3,321,093	(29,137)	**3,291,956**
Total assets less current liabilities	3,455,709	34,874	**3,490,583**
Lease liabilities (non-current)	—	34,874	**34,874**
Total non-current liabilities	61	34,874	**34,935**
Net assets	3,455,648	—	**3,455,648**

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Transitional impact (Continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At June 30, 2019 RMB'000	At January 1, 2019 RMB'000
Included in "Property, plant and equipment":		
Other properties leased for own use, carried at depreciated cost	52,931	64,011
Plant, machinery and equipment, carried at depreciated cost	39,369	29,627
	92,300	93,638

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At June 30, 2019		At January 1, 2019	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	27,248	27,483	26,808	27,431
After 1 year but within 2 years	22,096	23,376	25,014	26,765
After 2 years but within 5 years	490	546	9,860	10,919
	22,586	23,922	34,874	37,684
	49,834	51,405	61,682	65,115
Less: total future interest expenses		1,571		3,433
Present value of lease liabilities		49,834		61,682

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at January 1, 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the six months ended June 30, 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16 (A) RMB'000	Add back: IFRS 16 depreciation and interest expense (B) RMB'000	Deduct: Estimated amounts related to operating leases as if under IAS 17 (note 1) (C) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Financial result for the six months ended June 30, 2019 impacted by the adoption of IFRS 16:					
(Loss)/profit from operations	(119,862)	14,638	15,772	(120,996)	112,711
Finance costs	(1,086)	1,086	—	—	(18)
Loss before taxation	(111,059)	15,724	15,772	(111,107)	(2,182,903)
Loss for the period	(98,342)	12,184	12,191	(98,349)	(2,175,001)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(e) Impact on the financial result, segment results and cash flows of the Group (Continued)

	2019			2018
	Amounts reported under IFRS 16 (A) RMB'000	Estimated amounts related to operating leases as if under IAS 17 (notes 1 & 2) (B) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Line items in the condensed consolidated cash flow statement for the six months ended June 30, 2019 impacted by the adoption of IFRS 16:				
Net cash used in operations	(291,433)	(16,491)	(307,924)	(36,694)
Net cash used in operating activities	(304,615)	(16,491)	(321,106)	(46,294)
Capital element of lease rentals paid	(15,405)	15,405	—	—
Interest element of lease rentals paid	(1,086)	1,086	—	—
Net cash (used in)/generated from financing activities	(100,262)	16,491	(83,771)	846,336

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing advertising, e-commerce and other content monetization services to customers.

(i) Disaggregation of revenue

Revenue of the Group are all from contracts with customers within the scope of IFRS 15. The amount of each significant category of revenue is as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Advertising	**211,536**	298,145
E-commerce		
– Direct sales	**8,261**	47,519
– Marketplace	**11,244**	43,048
Content monetization	**9,618**	18,811
	240,659	407,523

The Group's customer base is diversified and includes only one customer with whom transactions has exceeded 10% of the Group's revenues during the reporting period. During the six months ended June 30, 2019, revenues from advertising to this customer amounted to approximately RMB32.1 million.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

Contracts with advertising customers always have an original expected duration of less than one year. And contracts with individual customers for e-commerce and content monetization are always satisfied within one month.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less.

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Advertising
- E-commerce, which includes direct sales and marketplace
- Content monetization

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the revenue and gross profit attributable to each reportable segment. Other items in profit or loss are not allocated to reportable segments.

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the cost incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

Other information, together with the segment information, provided to the Group's senior executive management, is measured in a manner consistent with that applied in these financial statements. There were no separate segment assets and segment liabilities information provided to the Group's senior executive management, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

The amount of each significant category of revenue recognized during the reporting period is as follows:

	For the Six months ended June 30, 2019			
	Advertising RMB'000	**E-commerce RMB'000**	**Content monetization RMB'000**	**Total RMB'000**
Segment revenue	**211,536**	**19,505**	**9,618**	**240,659**
Segment costs	**(52,973)**	**(11,558)**	**(1,668)**	**(66,199)**
Gross profit	**158,563**	**7,947**	**7,950**	**174,460**

	For the Six months ended June 30, 2018			
	Advertising RMB'000	E-commerce RMB'000	Content monetization RMB'000	Total RMB'000
Segment revenue	298,145	90,567	18,811	407,523
Segment costs	(49,462)	(43,313)	(1,803)	(94,578)
Gross profit	248,683	47,254	17,008	312,945

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at June 30, 2019, substantially all of the non-current assets of the Group other than certain long-term investments were located in PRC.

The reconciliation of segment gross profit to loss before income tax for the six months ended June 30, 2019 is presented in the consolidated statements of profit or loss of the Group.

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after (crediting)/charging:

(a) Net finance income

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Interest income from deposits	**14,725**	2,462
Interest expense on interest-bearing loans	—	(18)
Interest on lease liabilities	**(1,086)**	—
Net finance income	**13,639**	2,444

(b) Other items

The following expenses are included in cost of revenue, selling and marketing expenses, general and administration expenses and research and development expenses.

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Cost of inventories	**10,276**	40,966
Total minimum lease payments for leases previously classified as operating leases under IAS 17	—	13,542
Short-term lease	**2,630**	—
Depreciation and amortization		
– owned property, plant and equipment	**8,623**	6,540
– right-of-use assets	**14,638**	—
Loss allowance for trade and other receivables	**20,679**	7,262

Note: The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Current tax-PRC		
Enterprise Income Tax		
Provision for the period	**(586)**	7,559
Deferred tax expense		
Origination and reversal of temporary differences	**(12,131)**	(15,461)
	(12,717)	(7,902)

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

The Group has no assessable profit in Hong Kong during the period and is not subject to any Hong Kong profits tax. Hong Kong profits tax rate during the period is 16.5%.

In accordance with the Enterprise Income Tax Law ("Income Tax Law") of the PRC, enterprise income tax rate for the Group's PRC subsidiaries during the period is 25%.

According to the relevant PRC income tax law, the Company's subsidiary, BabyTree Information was certified as a New and High Technology Enterprise in Beijing since 2016, and is entitled to a preferential income tax rate of 15%. The current certification of New and High technology Enterprise held by BabyTree Information will expire on December 21, 2019.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the parent of RMB98.3 million (six months ended June 30, 2018: RMB604.1 million) and the weighted average of 1,688,488 thousand ordinary shares (2018: 369,249 thousand shares in issue upon the completion of the Reorganization were deemed to have been issued since January 1, 2018 and adjusted for the effect of capitalization issue in 2018) in issue during the interim period.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares for the six month ended June 30, 2018 is ordinary shares with preferred rights. The dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. There were no dilutive potential ordinary shares for the six month ended June 30, 2019. Accordingly, diluted loss per share for the six months ended June 30, 2018 and 2019 were the same as basic loss per share of the respective periods.

7 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at January 1, 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in Note 2.

During the six months ended June 30, 2019, the Group entered into a number of lease agreements for use of offices, warehouses and electronic equipment, and therefore recognised the additions to right-of-use assets of RMB3.6 million.

(b) Acquisitions and disposals of owned assets

During the six months ended June 30, 2019, the Group acquired items of plant and machinery with a cost of RMB17.1 million (six months ended June 30, 2018: RMB4.5 million). Items of plant and machinery with a net book value of RMB0.1 million were disposed of during the six months ended June 30, 2019 (six months ended June 30, 2018: Nil), resulting in a loss on disposal of RMB0.02 million (six months ended June 30, 2018: Nil).

8 TRADE RECEIVABLES

	Note	**As at June 30, 2019 RMB'000**	As at December 31, 2018 RMB'000
Amounts due from third parties		**411,557**	386,139
Amounts due from related parties	16(a) (ii)	**36,098**	—
Less: Loss allowance		**(34,592)**	(16,419)
		413,063	369,720

Ageing analysis

As of the end of each of the reporting period, the ageing analysis of trade receivable, based on the invoice date and net of loss allowance, is as follows:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Within 6 months	**273,267**	318,248
6 months to 1 year	**110,391**	39,832
1 to 2 years	**25,764**	6,310
2 to 3 years	**3,641**	5,330
	413,063	369,720

The credit terms agreed with customers are normally 30 – 90 days from the date of billing or 60 – 120 days from the date the advertisement posts. No interests are charged on the trade receivables.

9 PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Amounts due from related parties	16(a) (i)	**3,394**	4,744
Prepayments to suppliers		**8,107**	10,692
Receivables due from third party payment channels		**1,438**	1,384
Prepaid fund management fees		**7,018**	15,414
Other receivables, net of loss allowance	(i)	**152,305**	64,416
		172,262	96,650

(i) Included in the balance there are loans, deposit, staff advance and other miscellaneous items.

10 CASH AND CASH EQUIVALENTS

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Cash on hand	—	1
Cash at bank	**952,665**	617,342
Deposits with banks	**950,064**	1,612,564
Cash and cash equivalents	**1,902,729**	2,229,907

11 TRADE PAYABLES

	Note	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Amounts due to third parties		**8,658**	13,682
Amounts due to related parties	16(a) (ii)	**595**	793
		9,253	14,475

As of the end of each of the period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Within 6 months	**8,339**	9,055
6 months to 1 year	**100**	4,672
1 to 2 years	**793**	730
2 to 3 years	**21**	18
	9,253	14,475

12 ACCRUALS AND OTHER PAYABLES

	Note	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Amounts due to merchants		**20,857**	40,178
Amounts due to related parties	16(a) (i)	**23,740**	21,842
Payroll payables		**5,340**	25,746
Taxes and levies payables		**7,814**	12,991
Other payables		**24,393**	70,772
		82,144	171,529

All of the accruals and other payables are expected to be settled or recognized as profit or loss within one year or are repayable on demand.

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

During the six months ended June 30, 2019, no dividends were declared by the entities comprising the Group to its owners.

(b) Repurchase of ordinary shares

During the interim period, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	HK$'000
May 2019	7,450,000	5.34	4.41	36,740
June 2019	7,292,500	4.90	4.65	35,054
				71,794

The total amount paid on the repurchased shares of HK$71.8 million (approximately RMB63.2 million equivalent) was paid wholly out of capital. As of June 30, 2019, all shares that were bought back have not yet been cancelled.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The fair value measurements of the Group's short-term Investment (investments in wealth management products) and equity securities are categorized into the following level in the fair value hierarchy:

	Fair value at December 31, 2018	Fair value measurement as of December 31, 2018 categories into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Short-term Investment	809,430	—	809,430	—
Equity securities	25,432	—	—	25,432

	Fair value at June 30, 2019	**Fair value measurement as of June 30, 2019 categories into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
Short-term Investment	**700,235**	—	**700,235**	—
Equity securities	**27,793**	—	—	**27,793**

During the six months ended June 30, 2019, there were no transfers between Level 1 and Level 2, or transfers into nor out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Valuation techniques and inputs used in Level 2 fair value measurement

Investments in wealth management products are measured at fair values in the consolidated statements of financial position. The Group benchmarks the costs against fair values of comparable investments as of the end of each reporting period, and categorized all fair value measures of bank financial products as Level 2 of the fair value hierarchy because they are valued using directly or indirectly observable inputs in the market place.

Valuation techniques and inputs used in Level 3 fair value measurement

– Equity securities

The carrying amount of equity securities are measured at fair values in the consolidated statements of financial position as at December 31, 2018 and June 30, 2019. The Group's equity securities are mainly investments in unlisted companies. The Group determine the fair value by reference to the recent transaction pricing for the entities or similar transactions in similar entities in same industry.

As at June 30, 2019, it is estimated that with all other variables held constant, an increase/decrease in the fair values of equity securities by 1% would have decreased/increased the Group's loss before tax by RMB0.28 million (December 31, 2018: 0.25 million).

The movements of equity securities during the reporting period in the balance of these Level 3 fair value measurements are as follows:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Equity securities:		
At January 1	**25,432**	7,323
Addition	**2,361**	18,109
At June 30/December 31	**27,793**	25,432

The fair value change of equity securities during the year of 2018 and the six months ended June 30, 2019 was recognized to profit or loss under IFRS9.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2018 and June 30, 2019.

15 COMMITMENTS

As at December 31, 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at December 31, 2018 RMB'000
Within 1 year	40,596
After 1 year but within 5 years	44,942
Total	85,538

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at January 1, 2019 to recognise lease liabilities relating to these leases (see note 2). From January 1, 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

16 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party balances and transactions

Related party balances

(i) Non-trade balance with related parties:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Amounts due to entities controlled by members of key management personnel	**23,740**	21,842
Amounts due from entities controlled by members of key management personnel	**3,394**	4,744

The outstanding balances with these related parties are unsecured, interest-free and have no fixed repayment terms. The amounts due to related parties are included in "Accruals and other payables" (Note 12) and the amounts due from related parties are included in "Prepayments and other receivables" (Note 9).

On June 1, 2018,Zhongming granted BabyTree Information a loan in the amount of RMB2,718,538,767, which in turn provided a loan in the same amount to Mr. WANG Huainan. The loan was provided to Mr. Wang to facilitate Mr. Wang's purchase of equity interests in Zhongming from certain shareholders of Zhongming. The loans arrangement was part of the reorganization, and the loan to Mr. Wang is treated as deemed investment to Zhongming, and eliminated when preparing consolidated financial statements of the Group.

16 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Related party balances and transactions (continued)

Related party balances (continued)

(ii) Trade balances with related parties:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Trade receivables	**36,098**	—
Trade payables	**595**	793

Related party transactions

The following is a summary of material related party transactions. In the directors' opinion, these transactions were carried out in the ordinary course of business.

		For the six months ended June 30,	
	Note	2019 RMB'000	2018 RMB'000
Commission paid for international orders		—	1,088
Video production	(a)	**1,634**	1,089
Advertising service		**20,182**	18,938
Marketplace revenue		**5,185**	—
Loan from and repaid to related party		—	49,000
Technical service fee		**243**	—

(a) The Group engaged an associate to produce videos during the reporting period.

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In August 2019, the Group acquired shares of Littlelights Holding Limited, Parent Lab Inc. and Zoetic Inc. for a total consideration of USD5.1 million.

18 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at January 1, 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

Definitions

"Alibaba"	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the American depositary shares of which are listed on the New York Stock Exchange, including, where the context requires, any of its subsidiaries;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of the Company;
"Board"	the board of Directors;
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules;
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. "Chinese" shall be construed accordingly;
"Company", "our Company", "the Company", "BabyTree"	BabyTree Group (寶寶樹集團), a company incorporated under the laws of the Cayman Islands on February 9, 2018. The term "BabyTree" used by itself shall have the same meaning unless the context requires otherwise;
"Director(s)"	the director(s) of the Company;
"Fosun"	Fosun International Limited and its affiliates, including Startree (BVI) Limited;
"Group"	Our Company, together with its subsidiaries;
"HK$" or "HKD"	the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing"	The listing of the Share son the Main Board of the Stock Exchange on November 27. 2018;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange;
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appenidx 10 to the Listing Rules;

Definitions

"Nomination Committee"	The nomination committee of the Company;
"Prospectus"	the prospectus of the Company dated November 15, 2018;
"Remuneration Committee"	The remuneration committee of the Company;
"RMB"	the lawful currency of the PRC;
"SFO"	the Securities and Futures ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.0001 each;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules;
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States; and
"we," "us" or "our"	the Company or the Group, as the context requires.

宝宝树

babytree

有家的地方 就有寶寶樹

WE ARE WHERE FAMILIES ARE